

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

Robert V. Lynch II, CPA
Deputy Treasurer

To: All Supervisors
From: Michael R. Swan, Treasurer
Date: March 26, 2021
Subject: Budget Analysis Report

Budget Analysis Report

The purpose of the monthly budget analysis report is to make the County Supervisors and Administration aware of certain issues that may present a problem in the near future or are currently a problem. It is important that appropriate action be taken to address these issues or concerns before they become a problem.

We have analyzed the revenue and expenditure budgets for the County departments as of March 31, 2021 and have noted the following items Supervisors should be aware of. Please note that we have finalized the 2020 numbers and have provided the following analysis:

2020 Unassigned Fund Balance

The following shows the Unassigned Fund Balances for the General, County Road and Road Machinery Funds covering the period of 2016 to 2020. Please note that included in the General Fund, County Road and Road Machinery balances is an accounting change related to accrued vacation in the amounts of \$2,435,262, \$158,011 and \$41,840, respectively, which account for a portion of the increase in fund balance. This accounting change is reflected in Refund of Prior Years Expense which explains the variance noted in the following page. The rest of the increase can be attributed to the plan to control expenditures during the pandemic.

<u>Unassigned Fund Balance/Surplus(Deficit)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund	17,967,773	19,470,218	22,960,849	23,155,426	26,832,093
County Road	1,228,533	1,053,393	982,348	797,513	1,223,936
Road Machinery	626,222	438,053	464,020	169,122	578,549

General Fund 2020 Budget Results

The following shows an analysis of the General Fund adopted budget and actual balances. As noted below, the amended budget produced a \$3.9 million deficit while the actual for the year was a \$3.5 million surplus. This produced a \$7.4 million favorable budget variance.

	<u>Adopted</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance</u>
<u>General Fund (Excluding Tourism)</u>	<u>Budget</u>	<u>Budget</u>	<u>Balances</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues	134,568,884	136,714,699	133,968,630	(2,746,069)
Expenditures	135,869,014	140,585,625	130,429,460	10,156,165
Surplus/(Deficit)	(1,300,130)	(3,870,926)	3,539,170	7,410,096

The following shows some noteworthy General Fund variances between 2020 amended budget and actual balances.

	Amended Budget	Actual Balances	Variance Favorable (Unfavorable)
Revenues			
Sales Tax	55,015,895	55,355,922	340,027
Refund of Prior Years Expense	100,000	2,591,863	2,491,863
VLT/Tribal Compact Moneys	420,000	-	(420,000)
Mortgage Tax	1,900,000	2,424,001	524,001
Social Services Admin (State)	2,195,363	1,898,114	(297,249)
Social Services Admin (Federal)	3,841,454	2,695,248	(1,146,206)
Flexible Fund for Family Service	1,893,639	1,488,011	(405,628)
Expenditures			
Deficit Reduction Plan (General)	1,402,792	-	1,402,792
Aid to Dependent Children	1,765,000	1,429,974	335,026
Transfer-Debt Service	4,124,955	3,802,408	322,547
Salaries	37,330,641	36,099,073	1,231,568
Health	9,673,224	9,258,059	415,165

2020 Restricted Fund Balance

The following shows the Restricted Fund Balances for the General, Debt Service, County Road and Road Machinery Funds as of December 31, 2020.

Restricted

General Fund	Purpose	Balance End of Year
Capital		
Rehabilitation of County Buildings	Future building capital costs	\$ 160,082
Bridge Replacement & Repair	Future bridge capital costs	1,484
Up Yonda Repairs & Improvements	Future Up Yonda capital costs	127,122
Railroad Repairs	Future railroad capital costs	9,580
County Railroad Repairs	Future County railroad capital costs	152,814
Equipment, Storage & Vehicle	Future equipment capital costs	7,566
Computers	Future computer capital costs	155,922
Vehicles	Future vehicle capital costs	59,901
Airport Repair & Projects	Future airport capital costs	170,706
SUNY Adirondack Cap Imp	Future SUNY Adirondack capital costs	100,000
Countryside Rehabilitation	Future Countryside capital costs	263,000
Election Equipment	Future election equipment costs	320,265
Total		<u>\$ 1,528,442</u>
Other Restricted		
Occupancy Tax	Future costs relating to tourism	\$ 2,632,008
Probation	Future probation program costs	2,902
Forfeitures Crime	Future Sheriff and DA crime fighting costs	559,592
Environmental Testing Fund	Future costs relating to environmental testing	162,642
Stop DWI	Future costs of the Special Traffic program	168,706
Westmount Legacy Costs	Future costs relating to Westmount retirees	4,264,455
Insurance	Future costs relating to uninsured losses	15,000
Employee Benefit Accrued Liability	Future costs relating to accrued employee benefits	65,000
Total		<u>\$ 7,870,305</u>
Debt Service Fund		
Debt		
Bonded Debt	Future debt service costs	\$ 36,534
Total		<u>\$ 36,534</u>
County Road Fund		
Capital		
Highway Road Projects	Future highway road capital costs	\$ 1,279,849
Total		<u>\$ 1,279,849</u>
Road Machinery Fund		
Capital		
Motor Fuel Farms	Future motor fuel farm capital costs	\$ 17,251
Total		<u>\$ 17,251</u>

Revenues

American Rescue Plan

On March 11th, President Biden signed into law the American Rescue Plan of 2021. Under this stimulus package, Warren County is expected to receive an estimated \$12.4 million payable in two equal installments. The first allocation will be sent to New York State within 60 days of the President signing the bill (March 11th). The State then has 30 days to pay the funds to the County. The second installment will be made available 12 months later.

Eligible uses of the aid include:

1. Revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency.
2. Premium pay for essential workers.
3. Assistance to small businesses, households, hard-hit industries, and economic recovery.
4. Investments in water, sewer and broadband infrastructure.

We are waiting for detailed guidelines from the US Treasury concerning how this funding can be spent along with any reporting requirements. It is our understanding that we have until December 31, 2024 to spend this money and any unspent money must be returned to the US Treasury.

County Clerk

County Clerk Fees – As of March 31, the department has received \$302,881 in County Clerk Fees in 2020 and \$343,441 in 2021 which is an increase of 13%. It should be noted that the 2021 amount is at 27% of the budget for this account so the actual revenue received is on target with the budget.

Mortgage Tax – As of March 31, the department has received 439,036 in Mortgage Tax in 2020 and \$665,106 in 2021 which is an increase of 51%. It should be noted that the 2021 amount is at 33% of the budget for this account so the actual revenue received is on target to exceed the budget.

Automobile Use Tax – As of March 31, the department has received \$67,645 in Automobile Use Tax in 2020 and \$72,741 in 2021 which is an increase of 8%. It should be noted that the 2021 amount is through January and is at 7% of the budget for this account, so the actual revenue amount received is slightly below the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$34,914 more in sales taxes through March, 2021 than we did through March, 2020 which is a 0.3% increase. This increase would have been far greater if \$331,967 had not been withheld by the State for fiscally distressed health care facilities.

VLT/Tribal Compact Moneys (Casino) – We have not received our 4th quarter 2019 payment from the State as of the date of this report. We typically receive this payment in April. We have estimated the payment to be \$88,841. We have contacted the NYS Gaming Commission and they noted that they have not yet received the payment from the Mohawk Indians. We have also not received any payments for 2020 which is budgeted for \$420,000. It has been noted that the casino closed on March 17, 2020 and did not reopen until August 28, 2020 so there was no revenue to share for this time period.

Tourism

Occupancy Tax – As of December 31, the department has received \$4,864,332 in Occupancy Tax revenue in 2019 and \$4,238,439 in 2020 which is a decrease of \$625,893 or 13%. These amounts represent final collections for each year.

The department has collected \$23,358 less in occupancy taxes as of March 31, 2021 than we did as of March 31, 2020 which is a 9% decrease.

Sheriff's Correction Division

Jail Services, Other Government – As of March 31, the department has received 6,414 in Jail Services, Other Government in 2020 and \$105,202 in 2021 which is an increase of 1,540%. It should be noted that the 2021 amount is at 53% of the budget for this account so the actual revenue received is on target to exceed the budget.

Building & Fire Code

Building Permits – As of March 31, the department received \$32,612 in building permits in 2020 and \$41,366 in 2021 which is an increase of 27%. It should be noted that the 2021 amount is at 20% of the budget for this account so that actual revenue received is below the budget.

Health Services

Home Nursing Charges – As of March 31, the department has received \$461,123 in Home Nursing Charges in 2020 and \$431,251 in 2021 which is a decrease of 6%. It should be noted that the 2021 amount is through February and is at 11% of the budget for this account, so the actual revenue amount received is below the budget.

Expenditures

Please see the attached Budget Exception report which summarizes budgeted expenditure line items where there is currently a problem or there may be a problem in the future. We are reporting on an exception basis only. **Over expended budget line items are highlighted in red.**

Adirondack Community College – Culinary Arts Center Project

We received payment this month in the amount of \$1.0 million for reimbursement of the advance that the County made to the College.

Occupancy Tax Supplemental Spending Plan Distributions

Approval was made at the December 14, 2020 Occupancy Tax Coordination Committee meeting to distribute 75% of the supplemental spending plan distribution that was not included in the 2021 budget for a total amount of \$303,750. We had suggested that this wait until we have actual figures for 2020. As noted on the previous page, final occupancy tax collections for 2020 were \$625,893 less than 2019. Please note that the Occupancy Tax Reserve increased by \$281,776 in 2020 from 2019 which can be attributable to the deficit reduction plan that was implemented in response to the pandemic. Also note that the first quarter 2021 collections were 9% less than prior year.

The following is the 2020 beginning and ending Occupancy Tax Funding balances for each municipality which shows a total increase in funding balance of \$526,929.

	Occupancy Tax Funding Balance 1/1/2020	Occupancy Tax Funding Balance 12/31/2020	Increase/ (Decrease)
Bolton	253,528.09	292,311.41	38,783.32
Chester	39,114.00	47,833.00	8,719.00
Hague	106,013.79	115,804.15	9,790.36
Horicon	11,194.93	16,727.30	5,532.37
Johnsburg	32,224.27	67,388.06	35,163.79
Lake George - Town	80,477.52	157,743.31	77,265.79
Lake George - Village	177,000.00	299,365.42	122,365.42
Lake Luzerne	1,503.48	12,930.18	11,426.70
Queensbury	36,289.20	136,353.49	100,064.29
Stony Creek	14,627.06	47,047.99	32,420.93
Thurman	550.00	30,077.14	29,527.14
Warrensburg	22,879.64	35,539.48	12,659.84
City of Glens Falls	-	43,209.76	43,209.76
	<u>775,401.98</u>	<u>1,302,330.69</u>	<u>526,928.71</u>

Capital Projects

Departments are responsible for administering their capital projects and making sure that they are closed in a timely manner after completion. The following are capital projects where there has not been any recent activity and a determination should be made by the responsible department whether or not the project should be closed. This has been a recurring issue and the County has been written up in the past by our auditors.

<u>Office of Emergency Services</u>	<u>Date of Last Activity</u>	<u>Cash</u>	<u>Balance owed to Other funds/Govt</u>
H358-Hazard Mitigation Grant Program	10/2017	-	2,152
<u>Planning</u>			
H292-FWHC-Making the Connection	4/2018	-	21,189
H312-First Wilderness 2008	12/2017	14,194	-
H313-First Wilderness 2009	11/2018	8,032	-
H334-First Wilderness 2011	11/2017	6,931	109
H347-Invasive Species Boat Washing	12/2018	-	257

Notes:

1. H358, H292, H334 and H347 all have balances owed to other funds or other governments and will need funding transferred into the project so that the liabilities can be paid.
2. H334 is over budget and will need a budget amendment before it can be closed.

Insurance Reserve/Surplus

Resolution number 594 of 2011 authorized the creation of an insurance reserve in the amount of \$550,000 to offset potential costs if the County decides to terminate coverage with BSNENY and Resolution number 624 of 2014 increased the reserve to \$1,000,000. The reserve is funded by a factor added to the monthly health insurance cost charged to each County department and employee. The County's health insurance advisor determined the amount of monthly health insurance that is charged. A surplus is created when more funding is collected for the County and employee portions of health insurance than what is needed to pay health insurance administrative costs and claims.

The County implemented a self-insurance program starting December 1, 2017. As a result, \$918,922 was paid to BSNENY to terminate coverage. As noted below, the balance of the reserve and surplus as of December 31, 2020 is \$7,221,638. Consideration should be given to using some of this reserve to lower employee and County health insurance costs in the future.

	<u>Reserve</u>	<u>Surplus</u>	<u>Total</u>
12/31/2012	550,000	74,487	624,487
12/31/2013	550,000	1,053,283	1,603,283
12/31/2014	1,000,000	2,737,445	3,737,445
12/31/2015	1,000,000	4,375,037	5,375,037
12/31/2016	1,000,000	4,867,898	5,867,898
12/31/2017	81,078	5,441,408	5,522,486
12/31/2018	81,078	5,426,650	5,507,728
12/31/2019	81,078	6,577,870	6,658,948
12/31/2020	81,078	7,140,560	7,221,638

County Debt Balances

The following shows the County's current debt outstanding as of March 31, 2021 along with ending debt balances for future years:

	Current	End of 2021				2025-	2030-
Bonds	Balance	Balance	2022	2023	2024	2029	2034
Pub Safety Bldg & Com Upgrade	3,240,000	2,165,000	1,085,000	-	-	-	-
Recovery Act Bonds, Various Proj	12,305,000	11,630,000	10,935,000	10,205,000	9,445,000	5,200,000	-
Court Expansion - 2015	6,625,000	6,260,000	5,890,000	5,510,000	5,120,000	2,995,000	530,000
Court Expansion - 2017	7,030,000	7,030,000	6,665,000	6,290,000	5,910,000	3,865,000	1,550,000
SUNY Adirondack NSTEM - 2017	4,765,000	4,765,000	4,515,000	4,260,000	4,000,000	2,615,000	1,050,000
Capital Leases							
Municipal Center Energy Project	539,914	279,883	-	-	-	-	-
Countryside Adult Home Energy Proj	37,615	7,629	-	-	-	-	-
Total Outstanding	<u>34,542,529</u>	<u>32,137,512</u>	<u>29,090,000</u>	<u>26,265,000</u>	<u>24,475,000</u>	<u>14,675,000</u>	<u>3,130,000</u>

Again, we invite comments from Supervisors and department heads to expand this into a more useful management tool in these critical financial times.